

By: Schofield

H.B. No. 1679

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an exemption from ad valorem taxation by a school
3 district of a dollar amount or a percentage, whichever is greater,
4 of the appraised value of a residence homestead, a reduction of the
5 limitation on the total amount of ad valorem taxes that may be
6 imposed by a school district on the homestead of an elderly or
7 disabled person to reflect any increase in the exemption amount,
8 and the protection of school districts against the resulting loss
9 in local revenue.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

11 SECTION 1. Section 11.13(b), Tax Code, is amended to read as
12 follows:

13 (b) An adult is entitled to exemption from taxation by a
14 school district of \$25,000 of the appraised value of the adult's
15 residence homestead or 13 percent of the appraised value of the
16 adult's residence homestead, whichever is greater, except that only
17 \$5,000 of the exemption applies to an entity operating under former
18 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters
19 existed on May 1, 1995, as permitted by Section 11.301, Education
20 Code.

21 SECTION 2. Section 11.26(a), Tax Code, is amended to read as
22 follows:

23 (a) The tax officials shall appraise the property to which
24 this section applies and calculate taxes as on other property, but

1 if the tax so calculated exceeds the limitation imposed by this
2 section, the tax imposed is the amount of the tax as limited by this
3 section, except as otherwise provided by this section. A school
4 district may not increase the total annual amount of ad valorem tax
5 it imposes on the residence homestead of an individual 65 years of
6 age or older or on the residence homestead of an individual who is
7 disabled, as defined by Section 11.13, above the amount of the tax
8 it imposed in the first tax year in which the individual qualified
9 that residence homestead for the applicable exemption provided by
10 Section 11.13(c) for an individual who is 65 years of age or older
11 or is disabled. If the individual qualified that residence
12 homestead for the exemption after the beginning of that first year
13 and the residence homestead remains eligible for the same exemption
14 for the next year, and if the school district taxes imposed on the
15 residence homestead in the next year are less than the amount of
16 taxes imposed in that first year, a school district may not
17 subsequently increase the total annual amount of ad valorem taxes
18 it imposes on the residence homestead above the amount it imposed in
19 the year immediately following the first year for which the
20 individual qualified that residence homestead for the same
21 exemption, except as provided by Subsection (b). If the first tax
22 year the individual qualified the residence homestead for the
23 exemption provided by Section 11.13(c) for individuals 65 years of
24 age or older or disabled was a tax year before the 2015 tax year, the
25 amount of the limitation provided by this section is the amount of
26 tax the school district imposed for the 2014 tax year less an amount
27 equal to the amount determined by multiplying \$10,000 times the tax

1 rate of the school district for the 2015 tax year, plus any 2015 tax
2 attributable to improvements made in 2014, other than improvements
3 made to comply with governmental regulations or repairs. If the
4 first tax year the individual qualified the residence homestead for
5 the exemption provided by Section 11.13(c) for individuals 65 years
6 of age or older or disabled was a tax year before the 2018 tax year
7 and the appraised value of the homestead for the 2018 tax year is
8 more than \$192,308, the amount of the limitation provided by this
9 section is the amount of tax the school district imposed for the
10 2017 tax year, less an amount equal to the amount computed by
11 subtracting \$25,000 from an amount equal to 13 percent of the
12 appraised value of the homestead for the 2018 tax year and
13 multiplying that amount by the tax rate of the school district for
14 the 2018 tax year, plus any 2018 tax attributable to improvements
15 made in 2017, other than improvements made to comply with
16 governmental regulations or repairs. Except as provided by
17 Subsection (b), a limitation on tax increases provided by this
18 section on a residence homestead computed under this subsection
19 continues to apply to the homestead in subsequent tax years until
20 the limitation expires.

21 SECTION 3. Subchapter A, Chapter 41, Education Code, is
22 amended by adding Section 41.0011 to read as follows:

23 Sec. 41.0011. COMPUTATION OF WEALTH PER STUDENT FOR
24 2018-2019 SCHOOL YEAR. Notwithstanding any other provision of
25 this chapter, in computing a school district's wealth per student
26 for the 2018-2019 school year, a school district's taxable value of
27 property under Subchapter M, Chapter 403, Government Code, is

1 determined as if any increase in the residence homestead exemption
2 under Section 1-b(c), Article VIII, Texas Constitution, and any
3 additional limitation on tax increases under Section 1-b(d) of that
4 article in effect for the 2018 tax year as proposed by the 85th
5 Legislature, Regular Session, 2017, had been in effect for the 2017
6 tax year. This section expires September 1, 2019.

7 SECTION 4. Section 42.2518, Education Code, as effective
8 September 1, 2017, is amended by amending Subsections (a) and (b)
9 and adding Subsection (a-1) to read as follows:

10 (a) For ~~Beginning with~~ the 2017-2018 school year, a school
11 district is entitled to additional state aid to the extent that
12 state and local revenue under this chapter and Chapter 41 is less
13 than the state and local revenue that would have been available to
14 the district under Chapter 41 and this chapter as those chapters
15 existed on September 1, 2015, excluding any state aid that would
16 have been provided under former Section 42.2516, if the increase in
17 the residence homestead exemption under Section 1-b(c), Article
18 VIII, Texas Constitution, and the additional limitation on tax
19 increases under Section 1-b(d) of that article as proposed by
20 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not
21 occurred.

22 (a-1) Beginning with the 2018-2019 school year, a school
23 district is entitled to additional state aid to the extent that
24 state and local revenue under this chapter and Chapter 41 is less
25 than the state and local revenue that would have been available to
26 the district under Chapter 41 and this chapter as those chapters
27 existed on September 1, 2017, if any increase in the residence

1 homestead exemption under Section 1-b(c), Article VIII, Texas
2 Constitution, as proposed by the joint resolution to amend that
3 subsection adopted by the 85th Legislature, Regular Session, 2017,
4 and any additional limitation on tax increases under Section 1-b(d)
5 of that article as proposed by the joint resolution to amend that
6 subsection adopted by the 85th Legislature, Regular Session, 2017,
7 had not occurred.

8 (b) The lesser of the school district's currently adopted
9 maintenance and operations tax rate or the adopted maintenance and
10 operations tax rate for:

11 (1) the 2014 tax year is used for the purpose of
12 determining additional state aid under Subsection (a); and

13 (2) the 2017 tax year is used for the purpose of
14 determining additional state aid under Subsection (a-1) [~~this~~
15 section].

16 SECTION 5. Section 42.252, Education Code, is amended by
17 adding Subsection (e) to read as follows:

18 (e) Notwithstanding any other provision of this chapter, in
19 computing each school district's local share of program cost under
20 this section for the 2018-2019 school year, a school district's
21 taxable value of property under Subchapter M, Chapter 403,
22 Government Code, is determined as if any increase in the residence
23 homestead exemption under Section 1-b(c), Article VIII, Texas
24 Constitution, and any additional limitation on tax increases under
25 Section 1-b(d) of that article in effect for the 2018 tax year as
26 proposed by the 85th Legislature, Regular Session, 2017, had been
27 in effect for the 2017 tax year. This subsection expires September

1 1, 2019.

2 SECTION 6. Section 42.302, Education Code, is amended by
3 adding Subsection (g) to read as follows:

4 (g) Notwithstanding any other provision of this chapter, in
5 computing a school district's enrichment tax rate ("DTR") and local
6 revenue ("LR") for the 2018-2019 school year, a school district's
7 taxable value of property under Subchapter M, Chapter 403,
8 Government Code, is determined as if any increase in the residence
9 homestead exemption under Section 1-b(c), Article VIII, Texas
10 Constitution, and any additional limitation on tax increases under
11 Section 1-b(d) of that article in effect for the 2018 tax year as
12 proposed by the 85th Legislature, Regular Session, 2017, had been
13 in effect for the 2017 tax year. This subsection expires September
14 1, 2019.

15 SECTION 7. Section 46.003, Education Code, is amended by
16 adding Subsection (i) to read as follows:

17 (i) Notwithstanding any other provision of this chapter, in
18 computing a district's bond tax rate ("BTR") and taxable value of
19 property ("DPV") for the 2018-2019 school year, a school district's
20 taxable value of property under Subchapter M, Chapter 403,
21 Government Code, is determined as if any increase in the residence
22 homestead exemption under Section 1-b(c), Article VIII, Texas
23 Constitution, and any additional limitation on tax increases under
24 Section 1-b(d) of that article in effect for the 2018 tax year as
25 proposed by the 85th Legislature, Regular Session, 2017, had been
26 in effect for the 2017 tax year. This subsection expires September
27 1, 2019.

1 SECTION 8. Section 46.032, Education Code, is amended by
2 adding Subsection (d) to read as follows:

3 (d) Notwithstanding any other provision of this chapter, in
4 computing a district's existing debt tax rate ("EDTR") and taxable
5 value of property ("DPV") for the 2018-2019 school year, a school
6 district's taxable value of property under Subchapter M, Chapter
7 403, Government Code, is determined as if any increase in the
8 residence homestead exemption under Section 1-b(c), Article VIII,
9 Texas Constitution, and any additional limitation on tax increases
10 under Section 1-b(d) of that article in effect for the 2018 tax year
11 as proposed by the 85th Legislature, Regular Session, 2017, had
12 been in effect for the 2017 tax year. This subsection expires
13 September 1, 2019.

14 SECTION 9. Section 46.071, Education Code, is amended by
15 amending Subsections (a), (b), and (c) and adding Subsections
16 (a-1), (b-1), and (c-1) to read as follows:

17 (a) Beginning with the 2015-2016 school year and continuing
18 through the 2017-2018 school year, a school district is entitled to
19 additional state aid under this subchapter to the extent that state
20 and local revenue used to service debt eligible under this chapter
21 is less than the state and local revenue that would have been
22 available to the district under this chapter as it existed on
23 September 1, 2015, if the increase in the residence homestead
24 exemption under Section 1-b(c), Article VIII, Texas Constitution,
25 and the additional limitation on tax increases under Section 1-b(d)
26 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
27 Session, 2015, had not occurred.

1 (a-1) Beginning with the 2018-2019 school year, a school
2 district is entitled to additional state aid under this subchapter
3 to the extent that state and local revenue used to service debt
4 eligible under this chapter is less than the state and local revenue
5 that would have been available to the district under this chapter as
6 it existed on September 1, 2017, if any increase in the residence
7 homestead exemption under Section 1-b(c), Article VIII, Texas
8 Constitution, and any additional limitation on tax increases under
9 Section 1-b(d) of that article as proposed by the 85th Legislature,
10 Regular Session, 2017, had not occurred.

11 (b) Subject to Subsections (c), (d), and (e) [~~(c)-(e)~~],
12 additional state aid under this section through the 2017-2018
13 school year is equal to the amount by which the loss of local
14 interest and sinking revenue for debt service attributable to the
15 increase in the residence homestead exemption under Section 1-b(c),
16 Article VIII, Texas Constitution, and the additional limitation on
17 tax increases under Section 1-b(d) of that article as proposed by
18 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by
19 a gain in state aid under this chapter.

20 (b-1) Subject to Subsections (c-1), (d), and (e),
21 additional state aid under this section beginning with the
22 2018-2019 school year is equal to the amount by which the loss of
23 local interest and sinking revenue for debt service attributable to
24 any increase in the residence homestead exemption under Section
25 1-b(c), Article VIII, Texas Constitution, and any additional
26 limitation on tax increases under Section 1-b(d) of that article as
27 proposed by the 85th Legislature, Regular Session, 2017, is not

1 offset by a gain in state aid under this chapter.

2 (c) For the purpose of determining state aid under
3 Subsections (a) and (b) [~~this section~~], local interest and sinking
4 revenue for debt service is limited to revenue required to service
5 debt eligible under this chapter as of September 1, 2015, including
6 refunding of that debt, subject to Section 46.061. The limitation
7 imposed by Section 46.034(a) does not apply for the purpose of
8 determining state aid under this section.

9 (c-1) For the purpose of determining state aid under
10 Subsections (a-1) and (b-1), local interest and sinking revenue for
11 debt service is limited to revenue required to service debt
12 eligible under this chapter as of September 1, 2017, including
13 refunding of that debt, subject to Section 46.061. The limitation
14 imposed by Section 46.034(a) does not apply for the purpose of
15 determining state aid under this section.

16 SECTION 10. The changes in law made by this Act to Sections
17 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
18 begins on or after January 1, 2018.

19 SECTION 11. This Act takes effect January 1, 2018, but only
20 if the constitutional amendment proposed by the 85th Legislature,
21 Regular Session, 2017, providing for an exemption from ad valorem
22 taxation for public school purposes of \$25,000 or 13 percent,
23 whichever is greater, of the market value of a residence homestead
24 and providing for a reduction of the limitation on the total amount
25 of ad valorem taxes that may be imposed for those purposes on the
26 homestead of an elderly or disabled person to reflect any increased
27 exemption amount is approved by the voters. If that constitutional

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1 amendment is not approved by the voters, this Act has no effect.